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SUBJECT: POSTCARDS FROM ALBANIA: CARS AND TRUCKS AND THINGS THAT GO

11. (U) This cable is part of an occasional series entitled "Postcards from Albania." These cables are prepared by our locally engaged staff to provide analysis, opinions and commentary on Albanian reality from an Albanian perspective. This cable was contributed by a member of the Pol-Econ staff.

12. (U) SUMMARY: During communism, Albanians were deprived of basic rights and freedoms, including private ownership of vehicles. The few cars circulating prior to the 1990s (roughly 15,000) were state-owned, while common Albanians used limited public transportation and bicycles. Horse-and-cart was also a common means of transportation in rural areas and sometimes part of the normal scene even in Tirana, the capital. Seventeen years later, the street scene has been completely altered from dead silent to noisy and boisterous, with 300,000 cars, old and new, storming through chaotic traffic every day. While the modernity and cleanliness of vehicles has improved, the dominance of the informal market continues to offer temptation to unscrupulous automobile purveyors. END SUMMARY.

13. (U) Released from communist-era restrictions on private property ownership, the first item on many families' wish lists was a car. To own a car was a sign of freedom, wealth and prosperity. High demand and initially weak purchasing power brought scores of outdated, high-polluting models and a flourishing informal market of second-hand European cars that operated beyond government control. As the number of cars on the road rose dramatically, the existing infrastructure of narrow and dilapidated roads could not keep pace. Corruption in getting a driving license and low standards for driving tests contributed to poor driving skills and high fatalities, which persist to this day. Maintenance costs soared for the average car owner, who faced frantic traffic and high accident rates in addition to inadequate pavement. Furthermore, the outdated imports contributed significantly to heavy pollution, particularly in Tirana, contributing to its current status as one of the most polluted capitals in Europe.

14. (U) The trend has somewhat reversed itself in recent years, with newer models and more luxurious cars entering the market and significant improvements in road infrastructure. The newer, more expensive cars, incongruous in a developing country that rates near the bottom of Europe's GDP ranking, are widely available on an informal market which offers autos (usually imported legally but often carrying suspicious backgrounds) at a quarter of the price of authorized car dealers. Other factors also contribute: increased purchasing power at the highest levels of society, high remittance incomes for many in the middle, increased availability of consumer loans, the banning of substandard fuels, government incentives to promote the import of newer cars with environmentally friendly technologies, as well as what Albanians call "easy money" - high profits made overnight through illicit activities.

15. (U) Despite the growing presence of authorized car dealers,

representing nearly a dozen brand names from Mercedes to Hyundai, their business is insignificant compared to that of the informal market. In 2007, only 2,900 of 23,900 cars were sold by authorized dealers. In addition to distorting market competition and causing significant tax losses for the state, the situation has also created the perfect terrain for a vigorous market of stolen cars from across Europe. These cars are easily imported legally and resold in Albania, the final ring in a long chain of organized traffic initiating in Western Europe. One legend has western car owners participating in the scheme for insurance payments. Until recently, public officials commonly drove such stolen cars.

16. (U) COMMENT: The lucrative business in stolen cars contributed to Albania's negative image abroad as an organized crime stronghold. The early days after the fall of communism, as well as the time of civil unrest of 1997, provided a fertile environment for lucrative, flourishing organized crime markets, not only in autos, but also trafficking and smuggling. Ineffective and corrupt law enforcement contributed to the circumstances. In some areas, such as trafficking and smuggling, there have been marked improvements since these days (though much improvement remains necessary), as the government responded to internal and international pressure. However, the more domestically-oriented issue of autos has taken longer to reach the tipping point, and greater changes are expected in this area as well.

WITHERS